Extraction of crude oil by Cairn India Ltd.

†2106. SHRI RAJ MOHINDER SINGH MAJITHA:
SHRI RAVI SHANKAR PRASAD:

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that Cairn India Company has started the extraction of crude oil from the oil reserves of Rajasthan;

(b) if so, the maximum capacity of extraction assessed by Government from these reserves;

(c) the percentage of capacity being utilized presently by the company; and

(d) whether it is also a fact that presently the extraction of crude oil from these reserves costs five dollars per barrel to the company?

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI MURLI DEORA): (a) yes, Sir. Crude Oil Production has started w.e.f. 29.08.2009 from the Mangla Field in the block RJ-ON-90/1 in Rajasthan, awarded to Cairn Energy India Pty Limited.

(b) Plateau rate of oil production from this block will be about 1,75,000 Barrels of Oil Per Day (BOPD) as per the approved Development Plan.

(c) The average production for the month of November 2009 from this field was 17,000 BOPD which is 9.7% of the estimated peak production of 1,75,000 BOPD.

(d) The estimated cost of production (Operating Cost) from this field, as calculated by the Contractor is about US $ 5.5 per barrel.

Production of gas in KG Basin

2107. SHRI PENUMALLI MADHU:
SHRI NANDAMURI HARIKRISHNA:
SHRI M.V. MYSURA REDDY:

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that as per the Director General of Hydrocarbons (DGH) the earlier estimates of gas produced from each of the 50 wells of KG D-6 Basin was 1.6 mmscmd;

(b) whether it is also a fact that as per the recent estimates of the DGH each well can produce 6-7 mmscmd;

(c) if so, the basis and details of earlier and the present estimates; and

(d) the amount of royalty accruing to Government as per the previous estimate and the revised estimate, separately?

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI MURLI DEORA): (a) to (c) The Consortium of the block KG-DWN-98/3 (D6 Block), M/s Reliance Industries Limited and NIKO Resources Limited, have so far drilled 18 development wells in D1 and D3 Gas fields. It is

†Original notice of the question was received in Hindi.

estimated that a plateau rate of Gas production of 80 Million Metric Standard Cubic Meters Per Day (MMSCMD) may be achieved from these 18 wells drilled so far. However, when the production declines from these existing wells, Contractor will be required to drill new wells to arrest the decline and maintain the plateau production rate of 80 MMSCMD. The Filed Development Plan of D1 and D3 approved by the Management Committee envisages drilling of maximum 50 development wells over the estimated field life of about 13 years. If more number of wells are required to be drilled, Contractor will have to submit new proposal in this regard for approval by the Management Committee.

(d) The recoverable reserves were initially estimated at 3.81 Trillion Cubic Feet (TCF) which are now revised at 10.03 TCF. Based on the price formula approved by the Government, the price of Gas is US $ 4.2/mmbtu (Million Metric British Thermal Unit) at crude price of US $ 60 or above per barrel. If royalty is calculated at this price *i.e.* US $ 4.2/mmbtu, then royalty would be as under:

(i) On initial estimate of 3.81 TCF gas=US $ 0.7 billion (approx)

(ii) On revised estimate of 10.03 TCF gas=US $ 2 billion (approx).

Common pooled price of gas

2108. SHRI NANDAMURI HARIKRISHNA:
SHRI M.V. MYSURA REDDY:
SHRI PENUMALLI MADHU:

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether there are any plans before Government to introduce a common pooled price of natural gas in the country to avoid litigation over pricing and allocation of gas;

(b) if so, the details thereof;

(c) whether it is a fact that Gas Authority of India Ltd. (GAIL) has appointed consultant also for this purpose;

(d) if so, the details thereof;

(e) whether Government has studied the gas pricing models of other countries, particularly Gulf countries; and

(f) if so, the details of mechanism followed by other countries in this regard?

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI MURLI DEORA): (a) to (f) Government has asked GAIL (India) Ltd. to undertake a study on pooling of prices of natural gas in the country. GAIL (India) Ltd. has engaged M/s Mercados EMI Pvt. Ltd., a premier consultancy organization, for the same. The Terms of Reference of the study include, *inter alia*, international experiences/models prevalent in other countries.